

# Study of Motives of Chinese Business English Development Based on the Theory of Human Capital

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## Abstract

Business English in China has evolved into a cross-disciplinary program from ESP, with more than 1000 universities having set the program of business English in bachelor, master or doctor degree levels. In general, it has undergone a rapid development and enjoyed a more and more social recognition. This paper tries to uncover the underlying motives of the quick development of the program based on the perspective of human capital theory, and find out the possible relationship between business English teaching development and human capital. The results conclude that there exists the relationship between them, and the theory of human capital opens a novel theoretical foundation for the related researches.

**Keywords:** Business English teaching, human capital, relation, motive

## 1. Introduction

Business English program has been gradually recognized as a cross-disciplinary program of language teaching in China, which is one of the hottest programs applied by college candidates in the national entrance examination. Officially, the undergraduate level program of Business English teaching was first approved by China Ministry of Education to the three institutions including University of International Business and Economics, Guangdong University of Foreign Studies, and Shanghai University of Foreign trade in 2006 and 2007 respectively. Ever since then, over 115 universities have been approved to offer the program at the undergraduate level, and over 1000 universities in China have offered the major or course of Business English in college or undergraduate levels, with a few offering master and PhD degree programs as well. However, in the academia, there are still quite a lot researchers or educators arguing about the definition of Business English. The author had argued as early as 2005 that Business English was no doubt a cross discipline covering both English language and business knowledge, and that it had no importance to further debate on the definition of Business English, and what was necessary to study on was the underlying reasons or motives of Business English teaching development at a fast speed on earth, so that we could be ready for responding to future challenges of Business English teaching development.

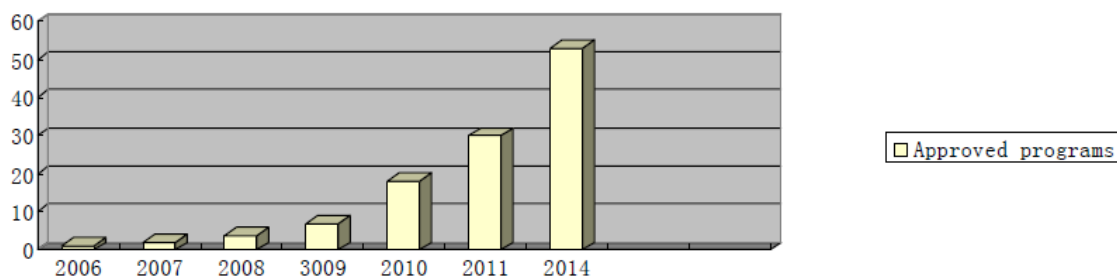


Figure 1. The trend of undergraduate programs officially approved by MOE (Website information, 2016)

Human capital may be the theoretical foundation for the speedy development of Business English teaching programs in China. As is known that the theory of human capital originates from the thought of the traditional economist Adam Smith, with the major representatives of the theory being Theodore Schultz and Gary Becker. Schultz (1961) defines human capital to be the knowledge, technology, ability, skills and features acquired by people which can help to improve individual, societal and economic benefits. It can refer to all types of ability or skills obtained by people through either formal or informal approaches of learning or teaching. Becker (1964) argues that all kinds of human capital have a common feature which is that: in the long term, it can bring rewards or outputs. In this sense, the education and training activities attended by individuals all belong to a kind of human capital investment, in that these activities may improve the future expectation of individual incomes. He also argues that being taught and being trained are two types of individual human capital investment actions, and schools and companies are the two types of substitute resources for people to acquire knowledge and skills needed. That is to say, individuals accumulate their know-how and skills needed partially from school teachings and partially from business practices.

In fact, the theory of human capital is deemed as the most important approach used to analyze education demand and education investment in contemporary education economics. As a type of social sciences, education economics has been applied to study issues of language education and other education activities, such as education demand, education supply, education financing, education investment, etc. The primary concern of education economics, is more to do with the relationship on between school teaching and labor market performance, but the more recent studies are widened to cover all related issues of education. However, the theoretical study of human capital in the academia of education economics has been more focused on the issue of national economic development strategy supported by the cultivation of high-level talents. The related study of human capital theory on the topic of Business English teaching has been rarely seen in the existing research findings.

This paper will systematically review and summarize the related theory of human capital in education economics, study and analyze the relationship between human capital and Business English teaching development, and interpret the underlying reasons or motives of speedy development of Business English teaching programs in China. The paper tries to answer the key research questions: “Is human capital the theoretical foundation for understanding the underlying motive of Business English teaching development at a fast speed? and What are the specific motives?”.

## 2. Literature Review

In the western education economics, the theory of capital is first proposed by Schultz (1961). However, the theory could also be traced back to the classic economist representative idea proposed in *Wealth of Nations* by Adam Smith in 1770s, in which the key principle is that capital includes three types of physical capital, human capital and social capital which can be applied to analyze the demand and supply for education products as a chief method. Human capital is thus deemed as the best method of analyzing education demand and supply. As far as human capital is concerned alone, Schultz (1961) discovers five categories of human capital investment forms, namely “healthy facilities and services, on-the-job trainings, primary, middle, and high levels of formal education, adult education and the transfer of individuals and families as a result of adapting to job opportunities”. His key point of argument is that physical capital investment and human capital investment are actually of the same importance.

Becker (1964) has also made a similar description of the idea that forms of human capital investment cover school education, on-the-job training, nursing, transferring, seeking price and revenue information, etc...all these kinds of investment can help to improve skills, knowledge, or health, and also increase physical and spiritual benefits. He further argues that based on the analysis of costs and revenues of education investment, the reasons why people invest in education are because that they can improve their abilities and increase their expected rewards in the whole life.

In addition, there are other scholars in the West who have also made some related studies and reached some conclusions, such as: those having the research argument that human capital is an important decisive factor for economic development are, for instance, (Keller, 2006; Kwabena, Oliver, & Workie, 2006; Lee & Kim, 2009; Mankiw, Romer, & Weil, 1992; Petrakis & Stamakis, 2002). There are also some western scholars who have proposed different ideas which the monetary incentive brought by human capital investment may not be more important than the cultural or non-monetary incentive which may include high job satisfaction and improved healthy level and spiritual benefits (Healy & Côté, 2001).

As a result of the expansion of college degrees, more and more students begin to acquire other forms of human

capital, for instance, practical working experiences in the business world, in order to increase their labor market competitiveness. Rather than degree certificates, the employer attach more importance on the so-called employability” “of the candidate, such as team-working, self-management, business philosophy, and problem solving abilities, and so on. Thus, it can be seen that learners face a more complex investment decision on education than ever before. They have to spend more time and energy in all kinds of activities instead of academic researches, and try to stand out of others in the more and more competitive labor market (Pemberton, Jewell, Faggian, & King, 2013).

In China, since the later 1970s, the concept of human capital has been introduced into Chinese education. Following the reform and opening-up policy of China in this era, the country restarted its system of national entrance examination. Ever since then, fostering high-tier talents and high-quality labor forces has become the priority of the higher education in this country. Under this background, the theory of human capital has been the hot topic of scholars in China, among these scholars, Gu Mingyuan is one of the main representatives, who has paved the foundation for the theory of human capital in China. He argues that education should be aimed to cultivate the talents or professionals who understand and master the related knowledge of a specific discipline, so as to prepare for the demand change of human resources. In his article of “modern education and modern production”, he advocates the enhancement of education investment and stresses the relationship between modern education and modern production, regarding education as “capital products”, which is opposite to the idea of Becker (1993) who considers education to be “consumer products”.

Other researchers in China have also achieved some research results in several aspects, for instance, Li Huiqin (1999) finds that there is a close relationship between education and human capital investment based on empirical tests; Jiang Kongliang (1999) makes a research on the relationship between human capital and higher education institution reform in China, and concludes that the education reform of China should follow the direction that the beneficiary of education investment undertakes costs the investment properly in accordance with the economic principle of “costs match revenues”; Li Bentao (2006) argues in his paper that if only regarding education economics as a science of relying on symbolic logic without the facilitation of other sciences like human behaviors of ethics and human feelings, we are doomed to limit the education economics in the narrow field of economy and can never reach the goal of maximizing revenues; Li Dan (2007) points out that the theory of human capital is the theoretical foundation for education economics, which should be enhanced in the research field; Dong Huan (2013) makes a research on the relationship between higher education and human capital, and argues that universities should take measures to actively develop human capital so as to foster high-quality professionals needed by economic development in the era of economic globalization; Hou Ning, et al. (2013) argues in her paper that Chinese professional higher education needs to base on the theory of human capital to conduct strategic thinking about education concept, education direction and education quality, etc.; Cheng Wenting (2013) makes a research on the role of promotion of human capital on Chinese economic growth and finds that the role of promotion is significant and huge.

In addition, in terms of studies on Business English and human capital, Mo Zaishu (2006) makes a study on Business English based on linguistic economics, and argues that the research on Business English based on linguistic economics helps to widen a brand new perspective of research framework and research field; Zhang Jie (2010) argues in her paper that the study of Business English should be positioned as a branch of linguistic economics or education economics; Zeng Hua (2015) makes a study on human capital and Business English education investment, and finds that China has formed a diversified mode with the central role of government and other modes as auxiliary roles.

Seen from the above literature, it is obvious that the study of the relationship between human capital and Business English education is quite limited. The paper intends to analyze the relationship and point out the underlying motives of fast development of Business English (BE) education based on the novel perspective of human capital theory with the following the analytical framework in Figure 2.

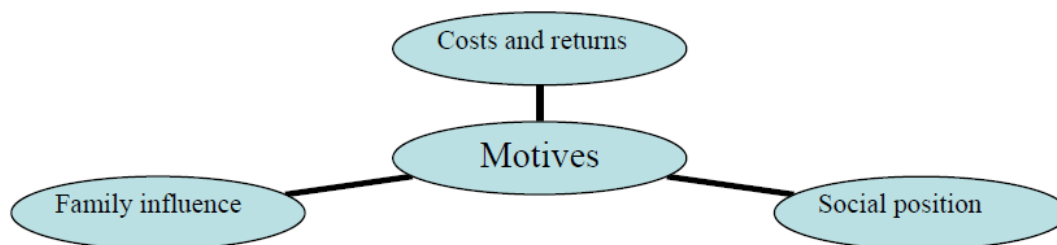


Figure 2. Analytical Framework of the present study

### 3. Analysis of Motives

As a nation's economic development, it is no doubt that to strengthen the investment of human capital such as education and training is key to improving skills and efficiency of workers so as to promote the overall level of its economic development. In the following is the analysis of motives of the rapid development of Business English in China based on the theoretical framework of human capital.

#### 3.1 Costs and Returns

In terms of personal education investment, Schultz (1971) argues that bigger future expectations of investment returns play a strong role in students or learners' choice of a specific education program, and education can promote people or learners' abilities and future revenue level. Thus, education returns are an important incentive for the accumulation of human capital, that is to say, an individual chooses to invest on the education program which will generate more outputs with fewer inputs.

Students as applicants for universities choose the study of Business English (BE) just based on the bigger returns of education than general English (GE), because BE can bring more direct and indirect returns than GE under the condition of the same costs of investment (see Figure 3). In Chinese universities, BE education investment brings more returns or outputs to learners than GE education investment under the same four-year period of undergraduate schooling. Direct returns for BE learners include: their multi-skilled knowledge structure, their better performance of English language proficiency, their better job opportunities as well as more salary incomes, etc; Indirect returns for BE learners include: their more opportunities of combining the theory learned in class with real business practices, their multi-skilled advantages, their wider applicability for careers in the society.

Of course, it is hard to calculate the exact total costs and returns of each learner's investment in BE education. This is because of the fact that any education investment include two forms of costs, namely the government's education investment costs and returns and the learner's individual costs and returns which can be very difficult to be clearly separated. In a general sense, individual learners are mainly responsible for the investment of money and time, which may generate direct returns for the individual but indirect revenues for the public society. In addition, even the individual learner's invest costs are both direct and indirect, with direct ones covering tuition fees, living expenses, books, etc., which are all visible, and with indirect ones including time and opportunity costs, which are very invisible.

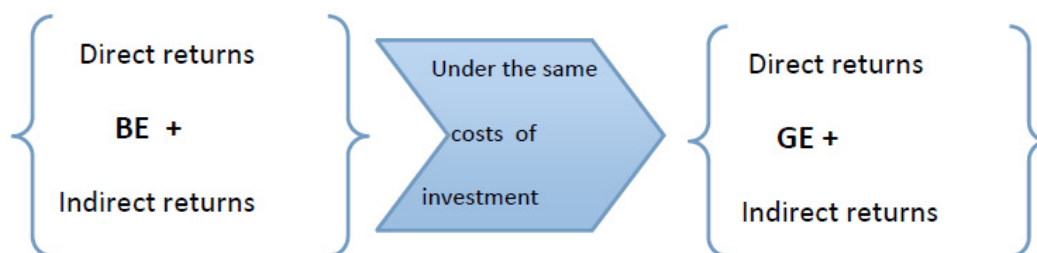


Figure 3. Bigger returns of BE education investment

Just as far as the individual's education investment costs and returns, under the same condition of tuition fees and

living expenditures, BE learners achieve wider knowledge base, more multi-skilled techniques and stronger application abilities than GE learners. As a result of the human capital advantages owned by BE students, they have a better career choice and a better salary payment expectation than GE students, therefore, Business English programs in Chinese are more welcome by candidates after national entrance exams.

### *3.2 Family Influence*

As mentioned above, although Business English learners' education investment may bring more economic returns in expectations, yet the returns of such an education investment activity may not see returns or benefits immediately because of the deferred effect of the investment activity on returns. In fact, usually an individual student's education investment activity or choice of which degree program to study will not entirely rely on the ratio of returns of the investment, other factors, such as family members or friends' ideas or suggestions can directly impact the decision of choosing a specific degree program to invest. In China, it can be said that an individual student's human capital investment in education is a kind of his or her whole family's decision, or especially his or her parents' education investment decision-making. To some extent, in China, a majority of education investment is determined by students' parents or grandparents. Of course, people may have some argument about the shortcomings of the filial Confusion cultural value of respecting the idea of the elder as Xiaoshun, for example, their parents' thinking determines the future of their children regardless of whether the choice is something the children like or not, which may cause the problem of the low motivation or efficiency of the children's study because the choice made by the parents may be not out of their willing or preference. However, this shortcomings of this cultural value is not what we should focus on in this paper. What we should accept as a cultural belief or custom is that students' choice of BE degree program is made with a strong family influence.

Similarly, Becker (1993) argues that the issue of human capital investment cannot ignore the important influence of the child's parents on his or her knowledge, skills, values, and customs, and so on. In fact, parents may play a huge role in the education choice of their children. This influence in China where "One Family One Child" has been in place for many years, and where the belief of "hoping sons to become somebody or an admired man in the society" has been very popular, is even so in the real life of Chinese society. Most of children's parents will try best to spend money in their sons or daughters' education, and especially will make all efforts to allow their children to choose the education program with the highest expectation of returns like Business English degree program. This is also because that parents are afraid that their children lose competitiveness compared with other children in the labor market or career development.

Business English education has developed very well in the last decades, especially in the recent years of China where it has evolved to be a novel cross-disciplinary program based on the integration of business knowledge and English language, and has been highly recognized in the society. In fact, Business English program has been one of the most welcome degree programs in both undergraduate and postgraduate levels in the country. As a result of information advantages, the parents of students are more knowledgeable about the advantage of Business English program for their children, so when their children apply for which program to read for their college, the parents the program of Business English, hoping their children to be able to find a better job and have more salary payment after graduation.

### *3.3 Social Position*

BE education investment is similar to any other education investment activity in terms of the feature of non-economic equity. Over valuing the economic effect of BE education investment may neglect its other functions such as social position or cultural capital (Bourdieu, 1977). Due to the difference of education programs, the learners may have different social positions which in turn affect their decision of choosing a specific education program. The level of social position is usually acquired through the completion of education investment project, which means that people invest in a form of education or training program so that they are legally obliged to obtain a specific discipline of knowledge or skills awarded with a kind of degree certification or training completion certificate, which in turn helps improve their social position and image as well as competitiveness. The holding of an academic achievement certificate of an education or training program with prestige or advantage represents an individual person's advantageous social position and determines his or her professional development potential and career opportunity.

In fact, the investment in BE education can facilitate students or learners with an advantageous social capital resource, which includes a degree certification enjoying a better social position and a better career development potential than other GE degree certificate. Today, higher education is closely related with labor market. In current China, although the economy is growing fast, the challenge of unemployment is great. There is a saying

that today you graduate, tomorrow you become jobless. It can be imagined that how competitive the labor market is in that every year over 9 millions of college graduates enter the labor market of the country, not saying that the recent economic slowdown has led to the increase of unemployment level. In this challenging situation of labor market, students naturally choose to study the degree program such as Business English which may equip with them with a higher social position and a better career development potential, for example, the statistical data of a recent year's employers of BE graduates from Guangdong University of Foreign Studies shows an employment structure with a 38 percentage of being employed by large firms with a high compensation package and a better career development potential (See Figure 4).

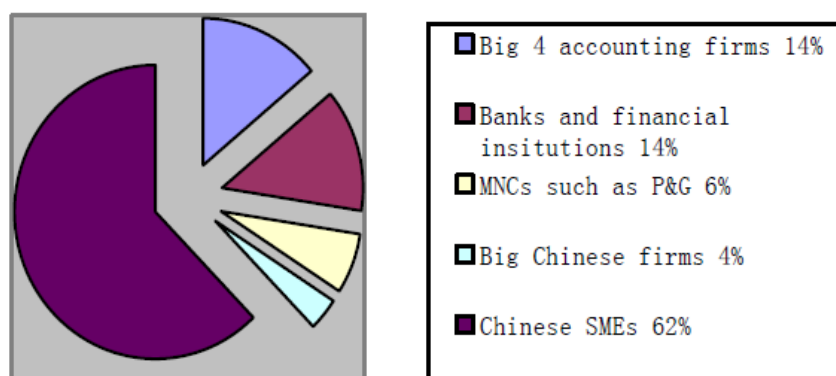


Figure 4. Employers of Business English graduates in a year as an example

Furthermore, the education model of Business English program generates the education product of “English + Professional” multi-skilled talents who are better in business knowledge than general English major graduates and who are better in English proficiency than business management major graduates. The recent years’ statistical data of TEM (Test of English Major) passing rates of BE students shows a higher rate than that of GE students, also indicating that BE major students do have an average higher English proficiency level than GE major students.

In summary, BE education investment can provide the learners with some unique advantages such as better English proficiency level, professional business knowledge and comprehensive qualities than GE learners or business management learners, thus the BE graduates enjoy higher education investment returns, stronger family influences and a higher social position, which together interpret and justify the motives of the quick development of the BE degree program with the theory of human capital.

#### 4. Conclusion

Business English in China has evolved into a cross-disciplinary program from ESP, with more than 1000 universities having set the program of business English in bachelor, master or doctor degree levels. In general, it has undergone a rapid development and enjoyed a more and more social recognition. This paper makes an analysis of the underlying motives of the quick development of the program based on the perspective of human capital theory, and finds that there is a positive relationship between business English teaching development and human capital, and that the theory of human capital can be applied to be a theoretical foundation for the related researches on BE education.

More specially, the paper concludes that in accordance with the analysis of costs and returns based on human capital, students’ choice of BE degree program in China is because the direct and indirect returns of BE education investment are bigger than those of GE education investment; the learners’ decision of choosing BE degree program is also strongly affected by their family member, especially their parents; BE education investment can provide the learners with some unique advantages such as better English proficiency level, professional business knowledge and comprehensive qualities than GE learners or business management learners, thus the BE graduates enjoy a higher social position. Education investment returns, family influences and social position which together interpret and justify the motives of the quick development of the BE degree program with the theory of human capital. The research result enriches the research area of BE education theory, which may provide some implications for the further development of BE education in China and other countries.

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